

M e m o r a n d u m

Date: May 21, 2010

To: Office of the Commissioner

Attention: Commissioner J. A. Farrow

From: **DEPARTMENT OF CALIFORNIA HIGHWAY PATROL**
Office of the Assistant Commissioner, Inspector General

File No.: 005.9968.A13471.010

Subject: FINAL 2009 COMMAND AUDIT REPORT OF THE YUBA-SUTTER AREA

In accordance with the Institute of Internal Auditors, *International Standards for the Professional Practice of Internal Auditing* §2440, issued by the Institute of Internal Auditors, Government Code §13887(a)(2), and the California Highway Patrol Audit Charter, I am issuing the 2009 Command Audit Report of the Yuba-Sutter Area. The audit focused on the command's Driving Under the Influence and Asset Forfeiture Programs.

The audit revealed the command has adequate operations. However, some issues were observed. This report presents suggestions for management to improve on some of its operations. In doing so, operations would be strengthened and the command would ensure it is operating in compliance with policies and procedures. We have included our specific findings, recommendations, and other pertinent information in the report. The Yuba-Sutter Area agreed with all of the findings and plans to take corrective action to improve its operations.

Yuba-Sutter Area will be required to provide a 30 day, 60 day, six month, and one year response on its corrective action plan implementation. If identified issues are resolved and addressed during any phase of the above reporting period, no future action is required on their behalf. Also, the Office of Inspections plans on conducting a follow-up review within one year from the date of the final report.

Additionally, in accordance with the *International Standards for the Professional Practice of Internal Auditing* and Government Code §13887(a)(2), this report, the response, and any follow-up documentation is intended for the Office of the Commissioner; Office of the Assistant Commissioner, Field; Office of the Assistant Commissioner, Inspector General; Office of Legal Affairs; Office of Inspections; Valley Division; and the Yuba-Sutter Area. Please note this report restriction is not meant to limit distribution of the report, which is a matter of public record pursuant to Government Code §6250 et seq.

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Furthermore, in accordance with the Governor's Executive Order S-20-09 to increase government transparency, the final audit report, including the response to the draft audit report, will be posted on the CHP's internet website, and on the Office of the Governor's webpage, located on the State's Government website.

The Office of Inspections would like to thank Yuba-Sutter Area's management and staff for their cooperation during the audit. If you need further information, please contact Captain Ernie Sanchez at (916) 843-3160.

A handwritten signature in blue ink, appearing to read "M. C. A. Santiago".

M. C. A. SANTIAGO, CIG, CLEA
Assistant Commissioner

cc: Office of the Assistant Commissioner, Field
Valley Division
Yuba-Sutter Area
Office of Legal Affairs
Office of Inspections, Audits Unit

DEPARTMENT OF CALIFORNIA HIGHWAY PATROL

**COMMAND AUDIT OF THE
YUBA-SUTTER AREA**



FINAL REPORT

MAY 21, 2010

BUSINESS, TRANSPORTATION AND HOUSING AGENCY

DEPARTMENT OF CALIFORNIA HIGHWAY PATROL

COMMAND AUDIT OF THE YUBA-SUTTER AREA

OFFICE OF INSPECTIONS, AUDITS UNIT

MAY 21, 2010

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EXECUTIVE SUMMARY

The Commissioner has the responsibility, by statute, to enforce laws regulating the operation of vehicles and use of highways in the State of California and to provide the highest level of safety, service, and security to the people of California. Consistent with the California Highway Patrol's (CHP) 2009 Audit Plan, the Office of the Commissioner directed the Office of Inspections, Audits Unit, to perform an audit of the Yuba-Sutter Area.

The CHP's 2008-2010 Strategic Plan highlights the mission statement which includes five broad strategic goals designed to guide the CHP's direction. One strategic goal is to continuously look for ways to increase the efficiency and/or effectiveness of departmental operations.

The objective of the audit is to determine if the command has complied with operational policies and procedures regarding the Driving Under the Influence (DUI) Cost Recovery and Asset Forfeiture Programs. Additionally, this audit will provide managers with reasonable, but not absolute, assurance that departmental operations are being properly executed. The audit period was from January 1, 2008 through March 23, 2009. However, to provide a current evaluation of the command, primary testing was performed of business conducted during the period of July 1, 2008 through March 23, 2009. The audit included a review of existing policies and procedures, as well as, examining and testing of recorded transactions, to determine compliance with established policies, procedures, and good business practices. The audit field work was conducted from March 23-24, 2009.

Sample selection for this audit was primarily random. However, if a judgmental sample was necessary, the auditor selected accordingly. Whenever possible, the use of risk assessment was used to select a sample containing the highest probability of risk to the command.

Based on the review of the Yuba-Sutter Area's operations, this audit revealed the Yuba-Sutter Area has complied with most operational policies. However, some issues were observed. The following is a summary of the identified issues:

DUI Cost Recovery Program

- CHP 735, Incident Response Reimbursement Statements were not always signed by the Area commander or his/her designee prior to submission to the Fiscal Management Section.

Asset Forfeiture Program

- The command did not always submit a copy of the renewed Memorandum of Understanding to their Division in a timely manner.

Please refer to the Findings and Recommendations section for detailed information.

AUDIT REPORT

INTRODUCTION

To ensure the California Highway Patrol's (CHP) operation is efficient and/or effective and internal controls are in place and operational, the Office of the Commissioner directed the Office of Inspections, Audits Unit, to perform an audit of the Yuba-Sutter Area.

The CHP's 2008-2010 Strategic Plan highlights the mission statement which includes five broad strategic goals designed to guide the CHP's direction. One strategic goal is to continuously look for ways to improve the efficiency and/or effectiveness of departmental operations. This audit will assist the CHP in meeting its goal.

OBJECTIVE AND SCOPE

The objective of the audit is to determine if the command has complied with operational policies and procedures regarding the Driving Under Influence (DUI) Cost Recovery and Asset Forfeiture Programs that provide managers with reasonable, but not absolute, assurance departmental operations are being properly executed. The audit period was from January 1, 2008 through March 23, 2009. However, to provide a current evaluation of the command, primary testing was performed of business conducted during the period July 1, 2008, through March 23, 2009. This audit included the review of existing policies and procedures, as well as, examining and testing recorded transactions, to determine compliance with established policies, procedures, and good business practices. The audit field work was conducted from March 23-24, 2009.

METHODOLOGY

Under the direction by the Office of the Commissioner, each command is randomly selected to be audited regarding its DUI Cost Recovery and Asset Forfeiture Programs. Sample selection of areas to be audited was primarily random or judgmental. Whenever possible, the use of risk assessment was used to select a sample containing the highest probability of risk to the command.

There were no prior audits or findings of this command.

OVERVIEW

DUI Cost Recovery Program: The command was in compliance with most state laws and departmental policies and has adequate internal controls regarding their DUI Cost Recovery Program. However, the CHP 735, Incident Response Reimbursement Statements were not always signed by the Area Commander or his/her designee prior to submission to the Fiscal Management Section.

Asset Forfeiture Program: The command was compliant with state law and most departmental policies and has adequate internal controls regarding their Asset Forfeiture Program. However, the command did not always submit a copy of the renewed Memorandum of Understanding to their Division in a timely manner.

This audit revealed the command has adequate operations, nevertheless, issues were discovered, which if left unchecked could have a negative impact on the command and CHP operations. These issues should be addressed by management to maintain the command's compliance with appropriate laws, regulations, policies, and procedures. The issues and appropriate recommendations are presented in this report.

As a result of changing conditions and the degree of compliance with policies and procedures, the efficiency and effectiveness of operations change over time. Specific limitations may hinder the efficiency and effectiveness of an otherwise adequate operation include, but are not limited to, resource constraints, faulty judgments, unintentional errors, circumvention by collusion, fraud, and management overrides. Establishing compliant and safe operations and sound internal controls would prevent or reduce these limitations; moreover, an audit may not always detect these limitations.

FINDINGS AND RECOMMENDATIONS

DRIVING UNDER THE INFLUENCE (DUI) COST RECOVERY PROGRAM

FINDING 1: **CHP 735, Incident Response Reimbursement Statements were not always signed by the Area commander or his/her designee prior to the submission to the Fiscal Management Section (FMS).**

Condition: A review of 23 DUI Cost Recovery cases in the audit period of January 1, 2008 to March 23, 2009, disclosed 21 (91 percent) CHP 735, Incident Response Reimbursement Statements were not signed by the Area Commander or his/her designee.

Criteria: Government Code (GC), Section 13403 (a)(3) states an element of a satisfactory system of internal accounting and administrative control, shall include "a system of authorization and recordkeeping procedures adequate to provide effective accounting control over assets, liabilities, revenues, and expenditures."

GC Section 13403 (a)(6) says one of the elements of a satisfactory system of internal accounting and administrative control is an effective system of internal review.

Highway Patrol Manual 11.1, Administrative Procedures Manual, Chapter 20, DUI Cost Recovery Program, paragraph 6 states, "Fiscal Management Section shall review all CHP 735, Incident Response Reimbursement Statement, forms received for completeness of information. Forms that do not contain sufficient information for invoicing an offender shall be returned to the issuing Area office. When the CHP 735, Incident Reimbursement Statement, information is complete, FMS shall prepare an invoice. Invoices will direct the offenders to send their payments to FMS"

Recommendation: The command should comply with the departmental policy by ensuring the Area commander or his/her designee sign the CHP 735, Incident Response Reimbursement Statements prior to submission to FMS.

ASSET FORFEITURE PROGRAM

FINDING 1: **The command did not always submit a copy of the renewed Memorandum of Understanding (MOU) to their Division in a timely manner.**

Condition: Based on a review of the command's MOU with an allied agency, the MOU had not been reviewed and sent to their Division as of March 24, 2009. According to departmental policy, the reviewed MOU should be sent to their Division no later than February 1 of each year.

Criteria: HPM 81.5, Drug Programs Manual, Chapter 2, Asset Forfeiture Program, paragraph 4 (b) states,

“Annual Review. Area AFCs shall review their respective MOUs annually in order to ensure the agreements are current. Area AFCs shall forward copies of renewed MOUs to their Division no later than February 1 of each year. Divisions shall forward copies to FSS no later than March 1. For MOUs not requiring renewal, the Area AFC shall sign and date the MOU on the signature page with the notation “Renewed – no changes required.”

Recommendation: The command should submit a copy of renewed MOU to their Division in accordance with departmental policies.

CONCLUSION

Based on the review of the command's operation, this audit revealed the command has adequate operations. However, some issues were observed. This report presents suggestions for management to improve on some of its operations. In doing so, operations would be strengthened and the command would operate in accordance with departmental policies and procedures.

ANNEX

A

M e m o r a n d u m

Date: April 29, 2010

To: Office of Inspections

From: **DEPARTMENT OF CALIFORNIA HIGHWAY PATROL**
Valley Division

File No.: 201.9196.18598.10-161

Subject: YUBA-SUTTER AREA -- COMMAND AUDIT REPORT - DRIVING UNDER
THE INFLUENCE (DUI) COST RECOVERY AND ASSET FORFEITURE
PROGRAMS RESPONSE

Valley Division is forwarding the Yuba-Sutter Area 2009 Command Audit Report response for the Driving under the Influence (DUI) Cost Recovery and Asset Forfeiture Programs of the Yuba-Sutter Area as required by the Office of the Assistant Commissioner, Inspector General. The Yuba-Sutter Area concurred with each finding and has taken corrective action on the following discrepancies:

DRIVING UNDER THE INFLUENCE (DUI) COST RECOVERY PROGRAM

1. The Department's CHP 735, Incident Response Reimbursement Statements were not always signed by the Area Commander or his/her designee prior to submission to the Fiscal Management Section.

ASSET FORFEITURE

1. The command did not always submit a copy of the renewed Memorandum of Understanding to Valley Division in a timely manner.

The Yuba-Sutter Area will continue to follow up on the aforementioned discrepancies to ensure adherence to policies and procedures in the future. If you have any questions, please contact Captain Jim Young at (530) 674-5141.


S. LERWILL, Chief

Attachments

*Safety, Service, and Security*

ANNEX

B

Memorandum

Date: April 27, 2010

To: Valley Division

From: **DEPARTMENT OF CALIFORNIA HIGHWAY PATROL**
Yuba Sutter Area

File No.: 285.11746.DUICostRecovery_AssetForfeiturePrograms

Subject: 2009 COMMAND AUDIT REPORT - DRIVING UNDER THE INFLUENCE (DUI)
COST RECOVERY AND ASSET FORFEITURE PROGRAMS

This memorandum is intended to serve as the written response to the 2009 Command Audit Report for the Driving Under the Influence (DUI) Cost Recovery and Asset Forfeiture Programs of the Yuba-Sutter Area as required by the Office of the Assistant Commissioner, Inspector General.

FINDINGS REQUIRING FOLLOW-UP:

DRIVING UNDER THE INFLUENCE (DUI) COST RECOVERY PROGRAM

Finding 1 – Agree. The Department's CHP 735, Incident Response Reimbursement Statements were not always signed by the Area Commander or his/her designee prior to submission to Fiscal Management Section (FMS). Procedures have been implemented to ensure that each CHP 735 is routed to the Area Commander, or his/her designee, for review and signature prior to being submitted to FMS.

ASSET FORFEITURE

Finding 1 – Agree. The command did not always submit a copy of the renewed Memorandum of Understanding (MOU) to Valley Division in a timely manner. Procedures have been implemented to ensure a copy of the renewed MOU is forwarded to Valley Division no later than February 1 of each year.

Please do not hesitate to contact me for questions regarding this response at (530) 674-5141.



J. R. YOUNG, Captain
Commander

Attachments

Safety, Service, and Security